



General Business Terms and Conditions
DieterBakicEnterprises GmbH – DB Design GmbH

I. General information – scope

Our General Business Terms and Conditions shall apply exclusively and to all present and future business transactions with a contracting party that is defined as an entrepreneur pursuant to sections 14 I, 310 I of the German Civil Code (BGB); any terms and conditions contrary to or deviating from ours of the contracting party shall not be recognized unless we approve them for the respective situation at hand in writing and in express terms. Our General Business Terms and Conditions shall apply even if we, in full knowledge of conditions of delivery and payment or other terms of sale of the contracting party contrary to or deviating from ours, accept a delivery or execute an order without any reservation. Silence regarding the terms and conditions of the business partner shall not be considered acceptance in any case.

II. Terms of Purchasing

II.1. Quotation – quotation documentation

- (a) Orders will be placed by one of the companies:
DieterBakicEnterprises GmbH or DB Design GmbH.
- (b) The supplier shall acknowledge and accept an order by written confirmation within one week of receipt of the order. If the supplier fails to do so, we will not be bound by the order and shall not be liable for any costs.
- (c) We shall reserve proprietary rights and copyrights with respect to illustrations, drawings, designs, models, print copies, calculations and other documents attached to an inquiry or subsequent order; such documentation shall be confidential and shall be made available to a third party only with our express written consent. Such documentation shall be used only for the purposes of processing the inquiry or for manufacture on the basis of our order; following the presentation of the quotation, or upon finalization of the order at the latest, such documentation shall be returned to us voluntarily. The supplier shall have no right to use, distribute, reproduce, etc. such documentation without our express written consent.

II.2. Pricing, invoicing, terms of payment, assignment

- (a) The price shown in the order shall be binding and shall be quoted ex works – unless there are provisions to the contrary.
- (b) Statutory value-added tax shall be stated separately.
- (c) To such extent as the supplier is entitled to price increases, any such increases shall be communicated in writing three months prior to entering into effect. In the event of price increases, we shall be entitled to terminate the agreement prior to such increases entering into effect.
- (d) On the date of shipment, one original-copy invoice shall be sent to us. We can process invoices only if they contain the information required pursuant to our order such as the order number and/or request for delivery number, a detailed list of weights as well as any other information required in connection with the order; the supplier shall be responsible for any consequences that may arise from non-compliance with these provisions unless he can demonstrate that he is not responsible for such non-compliance.
- (e) In the absence of any agreements to the contrary, we will pay the purchase price within fourteen (14) days from the date of delivery and receipt of invoice, at a discount of three percent or within sixty days net from receipt of goods and invoice. Invoices that do not meet the requirements under (d) or that deviate from our order shall not give rise to discount deductions within the aforementioned period.
- (f) Rights of setoff and retention shall be due to us to such extent as provided for under the law.
- (g) The supplier shall not assign to others accounts receivable that he may have outstanding us.

II.3. Terms of delivery

- (a) The terms of delivery stated in the order shall be binding.
- (b) The supplier shall notify us immediately in writing, if circumstances arise, or if the supplier can identify circumstances, which give rise to the conclusion that the delivery

period as stipulated cannot be complied with.

- (c) In the event of a delay in delivery, we shall be entitled to such cause of action as is provided for under the law. In particular, we shall be entitled to claim damages in lieu of performance and rescission of agreement upon expiration of a reasonable grace period which did not produce any results. In the event of damages, the supplier shall be entitled to demonstrate to us that he is not responsible for such default.

II.4. Delivery, shipping documents, process

- (a) In the absence of any written agreement to the contrary, delivery shall be ex works.
- (b) The supplier shall indicate our order and/or request for delivery number on all additional shipping papers and delivery notes; we shall not be held responsible for any delay in processing that may arise from failure to do so.
- (c) In addition, the current purchasing procedures shall apply, which can be obtained by contacting marketing@bakic.com.

II.5. Examination for defects – liability for defects

- (a) Deviations in quality and quantity that result in a notice of defects shall – provided they are discovered within two weeks from receipt of goods at the destination or, in the case of concealed defects, from the time of discovery – be communicated to the supplier in writing.
- (b) We shall be entitled to statutory warranty rights without any limitation; at any rate we shall be entitled, at our discretion, to require the supplier either to rectify the defect or to deliver replacement goods. The right to damages in lieu of performance is expressly reserved.
- (c) We shall be entitled to rectify the defect ourselves at the expense of the supplier in the event of imminent risk or if time is of the essence.
- (d) The costs of subsequent improvement as well as the costs and risks attached to shipments carried out for the purpose of subsequent improvement shall be borne by the supplier. The warranty period shall be suspended for the duration of subsequent improvement.
- (e) The limitation period shall be 24 months from the passing of risk.

II.6. Product liability – indemnity – liability insurance cover

- To such extent as the supplier is responsible for product damage, he shall indemnify us to such extent against claims by a third party at our initial request, as the cause is placed under his control and organization and as he is personally liable to third parties.
- (b) As part of his liability for events of damage pursuant to para. (a), the supplier shall reimburse us for any expenses that we may incur from or in connection with a recall carried out by us. We will notify the supplier of the nature and extent of the recall measures to be conducted as far as this is possible and can reasonably be expected and give the supplier the opportunity to make a statement. Any other statutory claims shall remain intact.
 - (c) The supplier shall undertake to take out and maintain product liability insurance with a blanket cover of 10 million per personal injury/property damage; any additional claims for damages to which we are entitled shall remain intact.

II.7. Proprietary rights

- (a) The supplier shall guarantee that the delivery and/or use of his shipment does not infringe industrial proprietary rights or other rights of a third party or violate any statutory or regulatory provisions.
- (b) If a third party brings a claim against us in this context, however, the supplier shall indemnify us against such claims at our initial written request and without any regard for his or our knowledge.
- (c) The supplier's duty of indemnification shall cover also all expenses incurred by us as a result of or in connection with the claim asserted against us by a third party.
- (d) The limitation period shall be ten years from the date on which the agreement was entered into.
- (e) Any imitation of our products will be prosecuted.

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II.8. Retention of title – provisions – tools – confidentiality

- (a) We shall reserve title to all means of production such as drafts, drawings, models, samples, measuring and testing means, delivery and testing regulations, print layouts, etc., which are provided to the supplier for the purpose of his executing the order. The supplier shall carry out processing or transformation on our behalf. If our reserved goods are processed or mixed inseparably with objects not belonging to us, we shall obtain co-ownership in the resulting new object in proportion of the value of our good (purchase price plus value-added tax) to the other processed or mixed objects at the time of processing. If the mixing is done in such manner that the object of the supplier becomes the principal object, the supplier shall transfer upon us proportionate co-ownership; the supplier shall hold sole ownership or co-ownership on our behalf.
- (b) We shall reserve title to tools; the supplier shall use the tools and the means of production listed under (a) only for the purpose of manufacturing the goods ordered by us. The means of production, tools and objects produced by means of such tools and means of production may be used for other purposes, reproduced or supplied to a third party only with our written consent. The supplier shall insure our tools at replacement value at his own cost against fire and water damage as well as theft. At the same time, the supplier shall assign to us any and all claims for compensation from such insurance; we hereby accept such assignment. The supplier shall conduct, at his own cost, any necessary and timely maintenance and inspection as well as all repairs with respect to our tools. He shall notify us of any problems immediately; if he fails to do so out of negligence, claims for damages shall remain intact.
- (c) Means of production that the supplier manufactures in or for the purpose of executing the order and for which he invoices us shall become our property at the time the invoice is paid. Until such time as they are handed over to us, the supplier shall maintain and hold them.
- (d) The supplier shall keep strictly confidential all illustrations, drawings, calculations and other documents, means of production and information. They may be disclosed to third parties only with our express consent. The duty of confidentiality shall survive the expiration or termination of the contract.
- (e) To such extent as the security interests due to us pursuant to (a) and (b) exceed the purchase price of all our reserved goods not yet paid for by more than 10 %, we shall release security interests of our choice at the request of the supplier.

III. Terms of Sale

III.1. Entering into the agreement

- (a) Our offers shall be non-binding and subject to change.
- (b) By placing an order, the customer makes a binding declaration that he wants to obtain the goods or services thus ordered. We are entitled to accept the offer to enter into a contract contained in the order within two weeks of receipt. An express declaration or delivery to the customer shall constitute acceptance.
- (c) The entering into agreement shall be subject to the reservation of our obtaining the proper supplies in a timely manner. This shall apply only if we are not responsible for non-delivery and if we have been unable to arrange for a congruous covering transaction with our supplier. The customer shall be notified of the non-availability of performance immediately. Any consideration shall be returned immediately.
- (d) The customer shall be responsible for ensuring that filling material and the products delivered by us, including their further processing, be compatible. We recommend, therefore, that compatibility tests be conducted for the filling material used and the products to be delivered. In addition, it is recommended that a test of the mechanical effects be carried out with respect to the further processing of the products to be delivered.
- (e) In addition, the current conditions of sale shall apply, which can be obtained by contacting marketing@bakic.com.

III.2. Delivery, passing of risk

- (a) Delivery dates communicated by us shall not be binding unless a specific delivery date has been agreed upon by contract. The customer may request delivery from us four weeks after exceeding a non-binding delivery date or a non-binding delivery period. To such extent as the customer shall grant us a statutory grace period, such grace period shall be agreed to be at least two weeks by way of setting a reasonable period.
- (b) Partial deliveries may be made within the delivery periods agreed upon. We reserve the right to make increased or short deliveries of 10 %.
- (c) The delivery period shall be extended by such time as any obstacle persists in the event of force majeure. Cases of force majeure shall be defined as including, in particular, strike, lock-out, riot, interruption of traffic, public-authority orders, interruption of operations, delay in delivery of essential material, provided that proof shall be furnished

that such obstacles have substantial effects on the shipment of goods. This shall also apply if the obstacle affects one of our subcontractors. We shall not bear responsibility for the aforementioned circumstances even if they arise in the course of an existing delay on our part. The beginning and end of such obstacles shall be communicated to the customer as soon as possible. If such obstacles result in delayed performance of more than four months, the customer shall be entitled to withdraw from the agreement. Any other rights of rescission shall remain intact.

- (d) We shall not be liable if the damage had also occurred upon timely delivery.
- (e) The risk of accidental loss and accidental deterioration of the goods shall pass to the customer upon delivery, upon delivery to the carrier or any other person or institution charged with the shipment in the event of sale by delivery to a place other than the place of performance, upon notice of goods being available in the event of pickup. The customer's being in default of acceptance shall be deemed delivery.

III.3. Pricing, payment

- (a) Our prices are quoted ex works. In addition, shipping expenses shall be reimbursed at cost. In the absence of any provisions to the contrary, pro-rated payments shall be made with respect to partial deliveries.
- (b) We reserve the right to make adjustments to our prices over a reasonable period of time subject to any express agreement to the contrary.
- (c) The customer shall undertake to pay the purchase price within thirty days of invoicing. Upon expiration of such period, the customer shall be deemed in default. While the customer is in default, he shall be subject to interest of eight percentage points above such basic interest rate as is in effect from time to time. We reserve the right to bring a claim for provable higher damages due to default.
- (d) The customer shall be entitled to setoff only if his counterclaims are confirmed by a declaratory judgment or are acknowledged by us in writing. He may claim a right of retention only if his counterclaim is based on the same contractual relationship.
- (e) Sharing of fees has been agreed for European and third-country payment transactions.

III.4. Retention of title, security

- (a) We shall retain title to the goods until such time as all claims from the current business relationship have been settled in full.
- (b) The customer shall handle the goods with due care.
- (c) The customer shall notify us immediately of any third party's seizure of the goods, for example, in the event of attachment, any damage to or loss of the goods.
- (d) The customer may resell the goods in the ordinary course of business; but he shall assign to us, at this time, all claims in the amount of the purchase price (including value-added tax) agreed between him and the buyer that may arise for the customer from such resale, regardless of whether the goods are resold after or without processing. The customer may collect on such claims even after the assignment. Our own authority to collect on such claims shall remain intact; we shall undertake, however, not to collect on such claims as long as the customer lives up to his payment obligations and does not default on payment. But should such situation arise, we may demand that the customer disclose the claims assigned and the related debtors, that he provide all information necessary for collection, that he hand over all pertinent documentation and that he inform the debtors (third parties) of the assignment.
- (e) Any processing or transformation of the goods done by the customer shall invariably be done on our behalf. If the goods are processed or mixed inseparably with objects not belonging to us, we shall obtain co-ownership in the resulting new object in proportion of the value of our good to the other processed or inseparably mixed objects at the time of processing. The customer shall hold co-ownership on our behalf.
- (f) The customer shall not pledge or assign the goods by way of security. In the event of attachment and seizure or other dispositions of third parties, the customer shall notify us immediately and shall supply us with all such information and documentation as we may require to protect our rights. Bailiffs and/or third parties shall be informed of our title.
- (g) We shall undertake to release securities due to us at the request of the customer to such extent as their value exceeds the claims to be secured, provided they have not been settled yet, by more than twenty percent.
- (h) We shall be entitled, in the event of conduct of the customer that contravenes the agreement, particularly with respect to default on payment or violation of an obligation from this agreement on retention of title, to withdraw from the agreement, demand that the customer return the goods and cease any further supplies to the customer. Enforcement of the retention of title as well as attachment of the goods shall not be deemed rescission of the agreement unless it is defined as such by express written declaration.
- (i) If there is any indication, upon entering into the agreement, that our claims from the agreement may be at risk, we shall be entitled to demand prepayments or sufficient

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security or retain goods and cease any further processing. If prepayments or sufficient securities are not provided after a reasonable period of time, we shall be entitled to withdraw from the agreement to the exclusion of any claims for damages by the customer.

III.5. Liability, limitation

- (a) We shall be liable to the extent of the law in the event that the customer asserts claims for damages based on intentional or gross negligence on our part, including intentional or gross negligence on the part of our legal agents or vicarious agents. Liability for damages shall be limited to foreseeable, typical damages unless we are shown to have breached the agreement intentionally.
- (b) We shall be liable to the extent of the law in the event that we violate a substantial contractual obligation due to negligence; in such event, however, liability for damages shall be limited to foreseeable, typical damages.
- (c) Liability for negligent action resulting in injury to life, limb or health shall remain intact; this shall also apply to compulsory liability under the product-liability law.
- (d) In the absence of any provisions to the contrary above, liability shall be excluded.
- (e) The limitation period for warranty claims shall be 12 months from the time of passing of the risk.
- (f) The limitation period in the case of recourse action pursuant to ss. 478, 479 BGB (German Civil Code) shall remain intact; it shall be five years from the delivery of the defective object.

III.6. Defects

- (a) If the goods are defective, we shall be entitled, at our discretion, to remove the defect by way of subsequent improvement or deliver non-defective goods (subsequent performance). Subsequent performance shall be required only to such extent as the customer has paid a reasonable portion of the compensation considering the defect.
- (b) If subsequent performance fails, the customer, at his discretion, shall essentially be entitled to demand a reduction in the compensation or to rescind the agreement.
- (c) The customer shall inspect the goods delivered immediately upon receipt and report in writing obvious defects within five (5) business days of receipt; if he fails to do so, any claims based on defects of the goods shall be excluded. Sending out such report in a timely manner shall be deemed observance of the deadline. The full burden of proof shall be on the customer with respect to meeting all requirements for a claim, particularly the defect itself, the time at which the defect was identified and the timeliness of the notice of defects.
- (d) If the customer opts for rescission of the agreement after subsequent performance due to a defect has failed, he shall not be entitled to any damages in connection with such defect.
- (e) If the customer opts for damages after subsequent performance due to a defect has failed, the goods shall remain with the customer if he can reasonably be expected to keep the goods. Damages shall be limited to the difference between the purchase price and the value of the defective good. Payment of damages agreed upon shall be contingent on proof that the defective goods have been destroyed. This shall not apply if we have caused the breach of agreement fraudulently.
- (f) The customer shall notify us immediately and in detailed fashion of any defect or damage reported to him by his buyer, so that we can readily rectify the defect.

III.7. The merchant's recourse of the customer

If the customer brings a claim against us on the basis of merchant's recourse under ss. 437, 478 BGB (German Civil Code) and if we can bring claims against our own supplier under such provisions, we shall hereby assign such claims to the customer. The customer shall undertake to assert at first the claim assigned against the supplier. In the course of enforcing the claim assigned to the customer against the supplier, the limitation period with respect to the customer's claim against us shall be suspended.

III.8. Other provisions

- (a) Drafts, fair drawings, printing blocks and tools produced by us shall remain our property and will not be contracted out even if the customer is invoiced for the manufacturing costs.
- (b) The copyright and the exclusive rights of use with respect to designs created by us shall remain with us. The customer shall be entitled to use only to the extent provided for under a separate agreement.
- (c) Tool-modification costs and printing-block costs shall be borne by the customer.
- (d) Any molds and models created on the order of the customer shall remain at our supply plant at all times even if the customer bears the costs of manufacturing and purchasing.
- (e) We reserve the right to use as samples for our own advertising purposes, distribute, reproduce and duplicate reproductions of designs, articles or decorations created on

the order of the customer.

- (g) Models, preliminary work, development costs and travel expenses in connection with the initiation of an order shall be invoiced to the customer in full if no agreement is entered into.

IV. Final provisions regarding purchase and sale

- (a) It should be noted that such data as are obtained in connection with the business relationship may be processed (including electronically), stored and evaluated pursuant to the (German) Federal Privacy and Data Protection Act. The customer hereby acknowledges and agrees to it.
- (b) The laws of the Federal Republic of Germany shall apply to the exclusion of the United Nations Convention on Contracts for the International Sale of Goods (CISG).
- (c) If the customer is a merchant, legal entity under public law or a special fund under public law, exclusive jurisdiction over any present and future claims and disputes arising from this business relationship shall lie with the courts of law at our domicile. The same shall apply if there is no general jurisdiction in Germany for the customer or if the customer's residence or usual residence is unknown at the time a claim is brought. However, we shall be entitled to bring legal action against the customer before a court of law of general jurisdiction at the customer's place of jurisdiction.
- (d) In the absence of any provisions to the contrary contained in the agreement, our domicile shall be the place of performance.
- (e) Should a provision or provisions of the agreement entered into with the customer, including these General Business Terms and Conditions, be ineffective, the validity of the remaining provisions or of the agreement as such shall in no way be affected.
- (f) In such event, such ineffective provision(s) shall be replaced by (a) relative provision(s) that shall come as close as possible to the spirit and purpose of such ineffective provision(s). The same shall apply to omissions or gaps in the agreement.

Munich, December 2011